

## FEDERAL RESERVE SYSTEM

FleetBoston Financial Corporation  
Boston, Massachusetts

## Order Approving the Merger of Bank Holding Companies

FleetBoston Financial Corporation (“FleetBoston”), a financial holding company within the meaning of the Bank Holding Company Act (“BHC Act”), has requested the Board’s approval under the BHC Act (12 U.S.C. § 1841 et seq.) to merge with Summit Bancorp., Princeton (“Summit”), and thereby acquire Summit’s subsidiary banks, including its lead subsidiary bank, Summit Bank, Hackensack, both in New Jersey (“Summit-NJ”).<sup>1</sup> FleetBoston also provided notice under section 25 of the Federal Reserve Act (12 U.S.C. § 601 et seq.) and the Board’s Regulation K (12 C.F.R. 211) of its intention to acquire Summit International Trade Finance Corp., also in Princeton (“Summit International”), an agreement corporation subsidiary of Summit-NJ.<sup>2</sup>

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (65 Federal Register 69,109 (2000)). The time for filing comments has expired, and the Board has considered the proposal and all comments received during the comment period in light of the factors set forth in the BHC Act and the Federal Reserve Act.

---

<sup>1</sup> FleetBoston also would acquire Summit’s other subsidiary banks: Summit Bank, Norwalk, Connecticut (“Summit-CT”); and Summit Bank, Bethlehem, Pennsylvania (“Summit-PA”).

<sup>2</sup> In addition, FleetBoston has requested the Board’s approval to exercise an option to acquire up to 19.9 percent of Summit’s voting shares. The option would expire on consummation of the proposal.

FleetBoston, with total consolidated assets of approximately \$179 billion, is the eighth largest commercial banking organization in the United States.<sup>3</sup> FleetBoston operates subsidiary banks in Connecticut, Florida, Maine, Massachusetts, New Hampshire, New Jersey, New York, and Rhode Island. FleetBoston operates the fourth largest depository institution in New Jersey, controlling deposits of \$8.8 billion, representing approximately 6.3 percent of total deposits in insured depository institutions in the state (“state deposits”).<sup>4</sup> In Connecticut, FleetBoston operates the largest depository institution, controlling deposits of \$15 billion, representing approximately 25.5 percent of state deposits.

Summit, with total consolidated assets of approximately \$39.5 billion, is the 27<sup>th</sup> largest commercial banking organization in the United States. Summit operates subsidiary banks in Connecticut, New Jersey, and Pennsylvania. Summit operates the largest depository institution in New Jersey, controlling deposits of \$20.8 billion, representing approximately 14.8 percent of state deposits. In Connecticut, Summit operates the 12<sup>th</sup> largest depository institution, controlling deposits of \$909 million, representing approximately 1.6 percent of state deposits. In Pennsylvania, Summit operates the 10<sup>th</sup> largest depository institution, controlling deposits of \$2.8 billion, representing approximately 1.5 percent of state deposits.

On consummation of the proposal and after accounting for the proposed divestiture discussed in this order, Fleet would become the seventh

---

<sup>3</sup> Asset data are as of September 30, 2000. National ranking data are as of September 30, 2000, adjusted for transactions consummated since that date.

<sup>4</sup> State deposit and ranking data are as of June 30, 1999, and reflect acquisitions as of October 2, 2000, for Connecticut, as of September 27, 2000, for New Jersey, and as of February 5, 2001, for Pennsylvania. In this context, depository institutions include commercial banks, savings banks, and savings associations.

largest commercial banking organization in the United States, with total consolidated assets of approximately \$218.6 billion. On consummation, FleetBoston would become the largest banking organization in New Jersey, controlling deposits of \$29.6 billion, representing approximately 20.9 percent of state deposits. In Connecticut, FleetBoston would control deposits of \$15.9 billion, representing approximately 27.1 percent of state deposits.

### Interstate Analysis

Section 3(d) of the BHC Act allows the Board to approve an application by a bank holding company to acquire control of a bank located in a state other than the home state of the bank holding company if certain conditions are met. For purposes of the BHC Act, the home state of FleetBoston is Rhode Island,<sup>5</sup> and Summit's subsidiary banks are located in Connecticut, New Jersey, and Pennsylvania.<sup>6</sup>

The Board may not approve a proposal subject to section 3(d) if, after consummation, the applicant would control more than 10 percent of the total deposits of insured depository institutions in the United States.<sup>7</sup> In addition, the Board may not approve a proposal if, on consummation of the proposal, the applicant would control 30 percent or more of the total deposits of insured depository institutions in any state in which both the applicant and the

---

<sup>5</sup> A bank holding company's home state is that state in which the total deposits of all banking subsidiaries of the company were the largest on July 1, 1966, or the date on which the company became a bank holding company, whichever is later. 12 U.S.C. § 1841(o)(4)(C).

<sup>6</sup> For purposes of section 3(d), the Board considers a bank to be located in the states in which the bank is chartered, headquartered, or operates a branch.

<sup>7</sup> 12 U.S.C. § 1842(d)(2)(A). For this purpose, insured depository institutions include all insured banks, savings banks, and savings associations.

organization to be acquired operate an insured depository institution, or such higher or lower percentage as established by state law.<sup>8</sup>

On consummation of the proposal, FleetBoston would control 2.8 percent of the total deposits of insured depository institutions in the United States.<sup>9</sup> FleetBoston would control less than 30 percent of total deposits held by insured depository institutions in Connecticut and New Jersey,<sup>10</sup> and would not exceed the state deposit caps of Connecticut or New Jersey.<sup>11</sup>

All other requirements of section 3(d) of the BHC Act also are met. FleetBoston is adequately capitalized and adequately managed, as defined by applicable law. In addition, Summit's subsidiary banks have been in existence for the minimum age requirements established by applicable state law.<sup>12</sup> In view of all the facts of record, the Board is permitted to approve the proposal under section 3(d) of the BHC Act.

---

<sup>8</sup> 12 U.S.C. § 1842(d)(2)(B)-(D).

<sup>9</sup> Data as of June 30, 2000.

<sup>10</sup> On consummation, FleetBoston would control 27.1 percent of insured depository institution deposits in Connecticut and 20.9 percent of insured depository institution deposits in New Jersey. FleetBoston currently does not control an insured depository institution in Pennsylvania.

<sup>11</sup> See Conn. Gen. Stat. Ann. § 36a-411 (West 2000) (30 percent); N.J. Stat. Ann. § 17:9A-413 (West 2000) (30 percent). Pennsylvania does not have a deposit cap that is applicable to the proposal.

<sup>12</sup> 12 U.S.C. § 1842(d)(2)(A). See Conn. Gen. Stat. Ann. § 36a-411 (West 2000) (5 year minimum age requirement). Neither New Jersey nor Pennsylvania has an age requirement that is applicable to the proposal. The Board also has taken into account FleetBoston's record of compliance with applicable state community reinvestment laws.

### Competitive Considerations

Section 3 of the BHC Act prohibits the Board from approving a proposal that would result in a monopoly or would be in furtherance of an attempt to monopolize the business of banking in any part of the United States. Section 3 also prohibits the Board from approving a proposal that would substantially lessen competition in any relevant banking market unless the anticompetitive effects of the proposal in that banking market are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the community to be served.<sup>13</sup>

The Board has reviewed carefully the competitive effects of the proposal in the relevant banking markets in light of comments received<sup>14</sup> and all the facts of record. In particular, the Board has considered the number of competitors that would remain in the markets, the relative shares of total deposits in depository institutions in the markets (“market deposits”) controlled by the companies involved in this transaction,<sup>15</sup> the concentration levels of market deposits and the increase in these levels as measured by the Herfindahl-

---

<sup>13</sup> 12 U.S.C. § 1842(c)(1).

<sup>14</sup> Two commenters expressed concern that the proposal would have anticompetitive effects in certain banking markets.

<sup>15</sup> Market share data are as of June 30, 1999, and are based on calculations that include the deposits of thrift institutions at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. See, e.g., Midwest Financial Group, 75 Federal Reserve Bulletin 386 (1989); National City Corporation, 70 Federal Reserve Bulletin 743 (1984). Thus, the Board has regularly included thrift deposits in the calculation of market share on a 50-percent weighted basis. See, e.g., First Hawaiian, Inc., 77 Federal Reserve Bulletin 52 (1991).

Hirschman Index (“HHI”) under the Department of Justice Merger Guidelines (“DOJ Guidelines”), and other characteristics of the markets.<sup>16</sup>

FleetBoston and Summit compete directly in five banking markets. Consummation of the proposal without divestitures would be consistent with Board precedent and the DOJ Guidelines in four of these markets.<sup>17</sup> On consummation, three of these markets would remain moderately concentrated and one market would be unconcentrated as measured by the DOJ Guidelines. Numerous banking competitors would remain in each of these markets.

---

<sup>16</sup> Under the DOJ Guidelines, 49 Federal Register 26,823 (1984), a market is considered unconcentrated if the post-merger HHI is below 1000, moderately concentrated if the post-merger HHI is between 1000 and 1800, and highly concentrated if the post-merger HHI is above 1800. The Department of Justice has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The Department of Justice has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognize the competitive effects of limited-purpose lenders and other nondepository financial institutions.

<sup>17</sup> These markets are the Fairfield Area, Connecticut; Waterbury, Connecticut; Metropolitan New York-New Jersey; and Philadelphia, Pennsylvania-New Jersey banking markets. Definitions of these banking markets and the effects of the proposal on the concentration of banking resources in these markets, are described in the Appendix. One commenter expressed concern about the elimination of competition in Burlington, Camden, Gloucester, and Mercer Counties in New Jersey. Burlington, Camden, and Gloucester counties are part of the Philadelphia banking market. First Union Corp., 84 Federal Reserve Bulletin 489 (1998). Mercer County is divided between the Philadelphia and the Metropolitan New York-New Jersey banking markets. Id. and FleetBoston Financial Corp., 86 Federal Reserve Bulletin 751 (2000). As discussed in the Appendix, these markets would remain unconcentrated or moderately concentrated after consummation, and there are numerous competitors in these markets.

In the Atlantic City, New Jersey, banking market, a subsidiary bank of Summit is the largest insured depository institution in the market, controlling deposits of \$1 billion, representing 27.8 percent of the deposits of insured depository institutions in the market (“market deposits”).<sup>18</sup> A subsidiary bank of FleetBoston is the fourth largest insured depository institution in the market, controlling deposits of \$370 million, representing 10 percent of market deposits. Without any divestiture, the proposal would cause the HHI in the market to increase by 557 points to 1,917.

In order to mitigate the potential anticompetitive effects of the proposal in the Atlantic City market, FleetBoston has committed to divest five branches in the market, with at least \$100 million in deposits, and the customer relationships associated with these branches.<sup>19</sup> On consummation and taking into

---

<sup>18</sup> The Atlantic City banking market is defined as Atlantic and Cape May Counties, both in New Jersey. The Board received one comment challenging the market definition of the Atlantic City banking market, but that comment did not provide any evidence to support an alternative market definition. The Board has considered the comment, and has reviewed commuting data, commercial, and employment data and other information in defining the Atlantic City banking market. Atlantic and Cape May Counties are linked by a major highway that is the area’s major north-south commuting thoroughfare. Atlantic City is the regional commercial and employment center for the area, and a substantial percentage of the Cape May County workforce commutes to Atlantic County. After a review of these data and other facts of record, the Board concludes that the Atlantic City banking market should be defined as Atlantic and Cape May Counties, New Jersey.

<sup>19</sup> FleetBoston has committed to divest the greater of (1) \$100 million or (2) the amount of deposits in the branches as of the date the branches are divested. FleetBoston has committed to execute sales agreements for the proposed divestitures with a purchaser determined by the Board to be competitively suitable, prior to consummation of the proposal, and has committed to complete these divestitures within 180 days of consummation of the proposal. FleetBoston

account the effect of the proposed divestiture, the HHI for the market would increase by 161 points to 1,517, and 16 competitors would remain in the market. Consummation of the proposal would be consistent with Board precedent and the DOJ Guidelines.

The Department of Justice has conducted a detailed review of the proposal and advised the Board that, conditioned on completion of the proposed divestiture, consummation of the proposal would not be likely to have a significantly adverse effect on competition in the Atlantic City or any other relevant banking market. The Office of the Comptroller of the Currency (“OCC”) and the Federal Deposit Insurance Corporation also have been afforded an opportunity to comment and have not objected to consummation of the proposal.

After carefully reviewing all the facts of record, and for the reasons discussed in this order, the Board concludes that consummation of the proposal would not likely result in a significantly adverse effect on competition or on the concentration of banking resources in any of the banking markets in which FleetBoston and Summit directly compete or in any other relevant banking market. Accordingly, based on all the facts of record, and subject to completion of the proposed divestitures and compliance with the related commitments, the Board has determined that competitive factors are consistent with approval of the proposal.

---

also has committed that, if it is unsuccessful in completing any divestiture within 180 days of consummation, it will transfer the unsold offices to an independent trustee that is acceptable to the Board and will instruct the trustee to sell the offices promptly to one or more alternative purchasers acceptable to the Board. See BankAmerica Corporation, 78 Federal Reserve Bulletin 338 (1992); United New Mexico Financial Corporation, 77 Federal Reserve Bulletin 484 (1991).



### Managerial and Financial Considerations and Future Prospects

Section 3(c) of the BHC Act requires the Board to consider the financial and managerial resources and future prospects of the companies and depository institutions involved in a proposal and certain other supervisory factors. The Board has carefully considered the financial and managerial resources and future prospects of FleetBoston, Summit, and their respective subsidiary depository institutions, and other supervisory factors in light of all the facts of record. As part of that consideration, the Board has reviewed confidential reports of examination and other supervisory information received from the primary federal supervisors of the organizations.

In evaluating financial factors in expansion proposals by banking organizations, the Board consistently has considered capital adequacy to be especially important. FleetBoston, Summit Bancorp, and all of their subsidiary banks are and on consummation of the proposal would remain well capitalized, as defined in the relevant regulations of federal banking agencies. The proposed acquisition is structured as an exchange of shares, and FleetBoston would incur no debt as a result of the transaction.

The Board also has considered the managerial resources of FleetBoston and Summit and the federal financial supervisory agencies' examination records in supervising these organizations, including their subsidiary banks. FleetBoston, Summit, and their subsidiary banks are well managed, with appropriate risk management systems in place. The Board also has considered the plans made by FleetBoston to complete the proposed merger, including the

managerial resources available to FleetBoston and the experience gained by FleetBoston in completing past mergers.<sup>20</sup>

Based on this review and all of the facts of record, the Board concludes that considerations relating to the financial and managerial resources and future prospects of FleetBoston, Summit, and their respective subsidiaries are consistent with approval of the proposal, as are the other supervisory factors that the Board must consider under section 3 of the BHC Act.

#### Convenience and Needs Considerations

Section 3 of the BHC Act requires the Board, in every case involving the acquisition of a bank by a bank holding company, to consider the effects of the proposal on the convenience and needs of the communities to be served. The Board has long held that this analysis includes a review of performance under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) (“CRA”). The CRA requires the federal financial supervisory agencies to

---

<sup>20</sup> The Board has received a comment from the Massachusetts Commissioner of Banks stating that the office received a number of complaints from customers during bank mergers and branch divestitures related to the 1999 merger of Fleet Financial Group, Inc. and BankBoston Corp. to form FleetBoston. The comment suggested that these complaints might indicate problems with FleetBoston’s ability to expand its operations without adversely affecting its existing customers. In response to this comment, the Board has obtained information from FleetBoston and the OCC, the federal banking agency responsible for FleetBoston’s subsidiary banks. FleetBoston believes that most of the complaints concern branches that it was required to divest in connection with its acquisition of BankBoston Corporation. FleetBoston has informed the Board of the steps it has taken to resolve the most common disputes that have arisen after its recent acquisitions and has an established process to respond to customers’ complaints, including those forwarded by the OCC to FleetBoston. FleetBoston states that its employees have received special training in preparation for integrating Summit into its operations, and that it is retaining Summit’s most popular checking account product to minimize problems for these customers.

encourage financial institutions to help meet the credit needs of the local communities in which they operate. To accomplish this end, the CRA requires the appropriate supervisory authority for an insured depository institution to “assess the institution’s record of meeting the credit needs of its entire community, including low- and moderate- income neighborhoods, consistent with the safe and sound operations of such institution,”<sup>21</sup> and requires that this record be taken into account in the Board’s evaluation of bank holding company applications involving the institution.<sup>22</sup>

#### A. Summary of Public Comments

The Board has reviewed the record of performance of the subsidiary banks of FleetBoston and Summit in light of all the facts of record, including timely comments received. Based in part on their analyses of data filed under the Home Mortgage Disclosure Act (12 U.S.C. § 2801 *et seq.*) (“HMDA”), several commenters criticize the records of FleetBoston and Summit of serving minorities and low- and moderate-income (“LMI”) communities and LMI individuals.<sup>23</sup> In

---

<sup>21</sup> 12 U.S.C. § 2903(1).

<sup>22</sup> 12 U.S.C. §§ 2903(2), 2902(3)(F).

<sup>23</sup> One commenter contends that FleetBoston has failed to adequately serve the needs of LMI individuals and communities under the CRA because FleetBoston’s subsidiary banks have discontinued the deposit accounts of check cashing businesses. FleetBoston states that in May 1999, it decided to discontinue customer relationships with money transmitters, check cashers, and similar entities because of concerns over costs required for FleetBoston to monitor such customers to ensure compliance with laws against money laundering and similar illicit activity. The CRA does not require financial institutions to provide any particular type of product or service to its customers. As discussed, examiners found that FleetBoston’s subsidiary banks have served the LMI areas of their communities. FleetBoston also has taken steps to help provide checking accounts for underserved individuals.

addition, commenters contend that the proposal would result in FleetBoston increasing fees for products used by LMI individuals, and reducing basic banking services provided to LMI individuals.<sup>24</sup> Commenters also express concerns about possible branch closures and contend that FleetBoston should be required to negotiate community reinvestment agreements pertaining to certain geographic areas in the assessment areas of the combined organization.

**B. CRA Performance Examinations**

As provided in the CRA, the Board has evaluated the convenience and needs factor in light of examinations of the CRA performance records of the relevant institutions by the appropriate federal supervisors. An institution's most recent CRA performance evaluation is a particularly important consideration in the application process because it represents a detailed on-site evaluation of the institution's overall record of performance under the CRA by its appropriate federal supervisor.<sup>25</sup>

FleetBoston was formed by the 1999 merger of BankBoston Corporation ("BankBoston") with and into Fleet Financial Group, Inc. ("Fleet"), both in Boston, Massachusetts. Before their merger to form Fleet National Bank, Boston, Massachusetts ("New Fleet Bank"), all Fleet's subsidiary insured depository institutions received ratings of "satisfactory" at their most recent

---

<sup>24</sup> One commenter has suggested that FleetBoston might be engaged in subprime lending that has an adverse effect on minority borrowers. FleetBoston has stated that it currently conducts no lending activities that are subject to the Home Ownership and Equity Protection Act (HOEPA), and that controls are in place to ensure that no HOEPA-covered transactions are initiated.

<sup>25</sup> The Interagency Questions and Answers Regarding Community Reinvestment provide that a CRA examination is an important and often controlling factor in the consideration of an institution's CRA record. See 65 Federal Register 25,088 and 25,107 (2000).

examinations of CRA performance<sup>26</sup> and all BankBoston's subsidiary insured depository institutions received ratings of "satisfactory" or better as of their most recent examinations of CRA performance.<sup>27</sup> FleetBoston's other subsidiary insured depository institution, Fleet Bank (Rhode Island), N.A., Providence, Rhode Island, which engages primarily in credit card operations, received a "satisfactory" CRA performance rating from the OCC at its most recent examination, as of March 2000.

Summit's lead subsidiary bank, Summit-NJ, which represents approximately 85 percent of the banking assets controlled by Summit, received an "outstanding" CRA performance rating from the Federal Reserve Bank of New York at its most recent examination, as of October 1999 ("1999 Summit-NJ Examination"). Summit's other subsidiary banks also received "outstanding" ratings at their most recent examinations for CRA performance.<sup>28</sup>

---

<sup>26</sup> Fleet's former lead subsidiary bank, Fleet National Bank, Providence, Rhode Island ("Fleet-RI"), and Fleet Bank, N.A., Jersey City, New Jersey ("Fleet-NJ"), were examined by the OCC for CRA performance, as of February 1998. Fleet Bank of New Hampshire, Manchester, New Hampshire ("Fleet-NH"), and Fleet Bank of Maine, Portland, Maine, were examined by the Federal Reserve Bank of Boston for CRA performance, as of April 1998. Fleet Bank, F.S.B., Boca Raton, Florida, was examined by the Office of Thrift Supervision for CRA performance, as of April 1998.

<sup>27</sup> BankBoston's lead subsidiary bank, BankBoston, N.A., Boston, Massachusetts, received an "outstanding" CRA performance rating from the OCC at its examination, as of March 1999. Bank of Boston-Florida, N.A., Boca Raton, Florida, received a "satisfactory" CRA performance rating from the OCC at its examination, as of December 1996.

<sup>28</sup> Summit-PA received an "outstanding" CRA performance rating from the Federal Reserve Bank of Philadelphia at its examination, as of March 2000 ("2000 Summit-PA Examination"). Summit-CT received an "outstanding" CRA performance rating from the Federal Deposit Insurance Corporation ("FDIC") at its examination, as of August 1999.

### C. FleetBoston's CRA Performance Record

In the past two years, the Board has reviewed the CRA performance record of Fleet and FleetBoston in connection with two large acquisition proposals.<sup>29</sup> In both cases, the Board received extensive public comment and the Board carefully reviewed the records of the subsidiary banks involved in light of the public comments, the applicant's response to those comments, and supervisory reports. For reasons set forth in detail in those orders, the Board concluded that the CRA performance records of Fleet and FleetBoston, respectively, were consistent with approval of the two proposals under the BHC Act. Many of the comments received in this case raise the same contentions and arguments raised by commenters in previous cases. Consequently, the Board adopts and incorporates in this case the relevant findings made in the two previous orders.

Fleet-RI. At the time of its February 1998 CRA performance examination, Fleet-RI operated in Massachusetts, Connecticut, portions of upstate New York, and Rhode Island.<sup>30</sup> During 1996 and 1997, the bank made 53,305 HMDA-reported loans, totaling \$4.4 billion, and 27,827 loans to small businesses

---

<sup>29</sup> See Fleet Financial Group, Inc., 85 Federal Reserve Bulletin 747 (1999) ("Fleet-BankBoston Order"); FleetBoston Financial Corp., 86 Federal Reserve Bulletin 751 ("2000") ("North Fork Order"). In addition, the Board held a public meeting in connection with the Fleet-BankBoston application.

<sup>30</sup> At the time of its most recent CRA performance examination, Fleet-RI owned several subsidiaries, including Fleet Mortgage Group, Inc., Columbia, South Carolina ("Fleet Mortgage"), and Fleet Community Development Corporation, Providence, Rhode Island ("Fleet CDC"), which engaged in community development lending and investments. Home mortgage loans by Fleet Mortgage and loans and investments by Fleet CDC and Fleet-RI's affiliated banks that were made in Fleet-RI's assessment area were considered by the OCC in its examination of the bank's CRA performance.

in amounts less than \$1 million (“small business loans”), totaling \$4.2 billion, in its assessment area.

Examiners considered Fleet-RI’s lending performance to be particularly strong in home purchase lending. In every state, and in most MSAs in its assessment area, the percentage of the bank’s loans made in LMI census tracts was higher than the percentage of owner-occupied housing in these census tracts and higher than the percentage of such loans made by lenders in the aggregate. At the time of the CRA examination, the bank used several programs to provide affordable home mortgage loans. For example, Fleet-RI offered its proprietary affordable housing program, which featured reduced down payment requirements, flexible underwriting standards, and no mortgage insurance requirement for borrowers unable to meet traditional secondary market credit standards. In addition, Fleet-RI was engaged in local partnership programs offered in cooperation with organizations, such as the Association of Community Organization for Reform Now, Neighborhood Assistance Corporation of America, and Hartford Areas Rally Together, that offered flexible underwriting standards and extensive financial and homebuyer counseling. Fleet-RI also offered several government-sponsored programs, such as Federal Housing Administration and Veterans Administration loan programs and the state-sponsored Jumpstart program in Massachusetts, New York, and Rhode Island,<sup>31</sup> and participated in the Fannie Mae Community Home Buyers program, that featured reduced down payment requirements, flexible underwriting standards, and flexible financing of closing costs. Examiners noted favorably that the

---

<sup>31</sup> Under the Jumpstart program, Fleet-RI made 2,173 loans in 1998, totaling \$254.1 million; 1,950 loans in 1997, totaling \$202.7 million; and 3,338 loans in 1996, totaling \$325.9 million.

geographic distribution of Fleet-RI's consumer loans generally was consistent with population distribution.

For small business lending, examiners reported that Fleet-RI was particularly active in Massachusetts and Connecticut, where the percentage of the bank's small business loans in LMI census tracts was generally 3 to 4 percentage points higher than the comparable percentage for lenders in the aggregate. Examiners found that in New York, the distribution of Fleet-RI's small business loans generally corresponded to the distribution of businesses throughout the assessment areas, and that there was good distribution of small business loans to very small businesses in LMI census tracts.<sup>32</sup> Through the Fleet INCITY Business and Entrepreneurial Services Group, Fleet-RI offered small business loans featuring reduced documentation, flexible underwriting, and no minimum loan amount in LMI areas. Fleet CDC also supported small businesses through low-interest loans, longer-term loans, and equity investments in financial intermediaries and nonprofit organizations that focused their efforts on small businesses in LMI areas. Fleet-RI was an active lender through Small Business Administration ("SBA") programs. Overall, Fleet was the largest SBA lender in

---

<sup>32</sup> One commenter criticized FleetBoston's HMDA and small business lending in the Rochester MSA. FleetBoston acknowledges that its share of HMDA-reportable loans in the MSA has declined, but asserts that the decrease was due to the large increase in the number of HMDA lenders in the MSA from 1995 to 1999. Although FleetBoston's HMDA lending to minority and LMI borrowers declined in the Rochester MSA from 1995 to 1998, in 1999 the number of its loans originated to African-American and Hispanic applicants increased. The number and dollar volume of FleetBoston's small business loans declined from 1997 through 1999 in the Rochester MSA. The number and dollar amount of FleetBoston's small business loans in LMI census tracts as percentages of FleetBoston's total small business lending in 1999 in the Rochester MSA exceeded the percentages for lenders in the aggregate.



New England in 1997 and the second largest in 1998. In the first six months of 1999, Fleet made more small business loans under a new SBA express approval program than in all of 1998.

Examiners also judged Fleet-RI's performance in making community development investments to be particularly strong. In 1996 and 1997, the bank made \$253 million of qualified investments and grants and committed to make an additional \$269 million. In 1997, Fleet-RI entered into an agreement with Neighborhood Housing Services of America ("NHS") to purchase up to \$10 million in affordable first and second mortgages and home improvement loans originated and underwritten by NHS's local affiliates in the bank's assessment area. Fleet-RI also committed to make grants of \$1.4 million of working capital over three years to NHS's affiliated Neighbor Works Organizations to support neighborhood revitalization and affordable housing development.

According to examiners, Fleet-RI's branch network, ATMs, and its alternative delivery systems provided consistent service and reached consumers in all geographic areas, and its products and services were designed to serve all consumers, including LMI individuals. Approximately 600 companies participated in the bank's WorkPlace Banking program, which provided basic banking services at reduced cost to approximately 53,000 households. The program was provided through branches, ATMs, and telephone banking systems, thereby enhancing access to services for certain predominantly minority communities. The bank also offered seminars for first-time LMI homebuyers and small business owners.<sup>33</sup>

---

<sup>33</sup> Two commenters express concern that FleetBoston would increase fees for banking products and services or eliminate or alter banking products and services

#### D. Summit's CRA Performance Record

Summit-NJ. The 1999 Summit-NJ Examination concluded that the overall lending activity of Summit-NJ reflected excellent responsiveness to the credit needs of its northern New Jersey assessment area and adequate responsiveness to the credit needs of its southern New Jersey assessment area. Summit-NJ originated 93 percent of its loans in its assessment areas, and examiners found this lending to be well distributed throughout those areas, in light of the number of residents in these areas and the number of the bank's branches. In northern New Jersey, where 80 percent of its branches are located, Summit-NJ was a leader in total lending activity, loan volume in LMI census tracts, number of loans per dollar of assets, and loans made in LMI census tracts per dollar of assets. In southern New Jersey, Summit-NJ's performance in these categories was found to be adequate, generally in line with or slightly below that of similarly situated financial institutions.

Summit-NJ's loan distribution was found to reflect good penetration in its assessment areas, and examiners particularly commended the geographic distribution of the bank's lending in the LMI census tracts in these areas.<sup>34</sup>

---

after consummation of the proposal. FleetBoston offers a full range of affordable banking products and services. Although the Board has recognized that banks help serve the banking needs of communities by making basic services available at nominal or no charge, the CRA does not require an institution to provide any specific types of products or services or limit the fees it charges for them.

<sup>34</sup> One commenter asserts that Summit-NJ has failed to originate a sufficient number of mortgages in Asbury Park, New Jersey, for the period 1998-99. The commenter also contends that Summit-NJ has not followed through on assurances, allegedly given by officers of the bank to the commenter in a meeting in late 1999, that the bank would increase its lending in Asbury Park. In reviewing the lending of Summit-NJ in the Monmouth-Ocean, New Jersey Metropolitan Statistical Area ("MSA"), which includes Asbury Park, examiners

Examiners found Summit-NJ's multifamily lending to be responsive to the housing needs in its assessment areas and to be evenly distributed in light of the population patterns in those areas. The bank originated 86 multifamily loans during the examination period,<sup>35</sup> 23 of which were made in LMI census tracts. Those 23 loans represented 1,207 housing units, including 802 units that qualified as affordable housing. Examiners also found that the overall distribution of Summit-NJ's loans among individuals of different income levels and businesses with different revenues was good throughout its assessment areas.

Examiners concluded that Summit-NJ had an excellent level of community development lending. Summit-NJ's community development lending commitments totaled \$197.4 million, which represented an increase of 139 percent over the amount during the previous examination period, and included \$88.2 million in support of affordable housing initiatives that constructed or rehabilitated 1,479 affordable housing units in the bank's assessment areas. Summit-NJ also lent \$85.7 million for community service initiatives, \$11.3 million in support of economic development, and \$12.2 million for revitalization and stabilization activities.

Examiners found Summit-NJ to have an excellent level of qualified community development investments and to exhibit an excellent level of responsiveness to credit and community development needs. Summit-NJ had a total of \$65.9 million of qualified investments, including \$65.1 million invested in community development organizations, and \$859,000 in charitable grants and

---

concluded that the geographic distribution of the bank's lending in this MSA was good, including the penetration of its home purchase lending in LMI areas of the MSA.

contributions to such organizations. This represented an increase of 217 percent over Summit-NJ's qualified investments during the previous examination period. The qualified investments made by Summit-NJ were noted for showing excellent responsiveness to affordable housing development, which was a persistent community development need in its assessment area. Examiners also found that Summit-NJ made excellent use of complex investments, such as low-income housing tax credits, in supporting community development initiatives.

Summit-NJ was considered by examiners to be a leader in providing community development services in its assessment areas. These services included sponsoring educational seminars for first-time homebuyers and small businesses, permitting Summit-NJ employees to serve as directors or officers of community development organizations, and participating in the Affordable Housing Program ("AHP") of the Federal Home Loan Bank ("FHLB") of New York. The AHP finances homeownership for households with incomes that are 80 percent or less of the area median income, and finances rental housing in which 20 percent of the units will be occupied by tenants who earn 50 percent or less of the area median. At the time of the examination, Summit-NJ was overseeing 28 affordable housing projects it had sponsored through the AHP.

Examiners concluded that Summit-NJ used delivery systems for its products and services that were reasonably accessible to essentially all portions of its assessment area. Of the 372 branches that Summit-NJ maintained at the close of the examination period, 53 (14 percent) were in LMI census tracts. Summit-NJ had 55 branches in supermarkets and all these branches offered third-party check cashing and were open seven days a week. Ninety percent of all the

---

<sup>35</sup> The examination generally covered the period from October 1, 1997, to June 30, 1999.

bank's branches had extended hours once a week. Examiners noted that Summit-NJ offered a variety of alternative delivery systems, including ATMs, and banking by telephone and home computer. Eight percent of Summit-NJ's 388 ATMs (primarily those in supermarkets) offered a check cashing feature, and 16 percent of the bank's ATMs offered Spanish language transactions. Examiners also found that Summit-NJ's record of opening and closing branches had not adversely affected the accessibility of its delivery systems, including those in LMI areas or to LMI individuals. Examiners also did not identify any credit practices of Summit-NJ that violated the substantive provisions of any antidiscrimination laws or regulations.

Summit-PA. The 2000 Summit-PA Examination found that the bank had an excellent level of overall lending, and that a substantial majority of its home mortgage, small business, and unsecured consumer loans were made in its assessment areas. In addition, the geographic distribution of Summit-PA's lending, including home purchase, small business, and consumer lending, was found to demonstrate good penetration throughout its assessment areas, including LMI geographies. Examiners also found that the distribution of Summit-PA's lending among borrowers of different income levels was excellent, and, in particular, noted that the bank was effective in reaching LMI borrowers in its Philadelphia and Allentown-Bethlehem-Easton assessment areas.<sup>36</sup> Summit-PA's

---

<sup>36</sup> One commenter criticizes Summit-PA for making too few home purchase loans to LMI individuals in the Scranton/Wilkes-Barre/Hazleton MSA, a portion of which is included in the bank's assessment area. Another commenter, based on the bank's 1998 CRA examination, argues that the Scranton/Wilkes-Barre/Hazleton MSA has not received an equitable share of Summit-PA's loans or investments, particularly in LMI areas. During the examination period, Summit-PA made 566 HMDA-reportable loans in this MSA, including 148 (26 percent) to LMI borrowers, and 52 (9 percent) in LMI census tracts. The

small business lending in all its assessment areas was considered to be consistent with the bank's asset size, lending capacity, and business objectives.

Examiners considered Summit-PA's level of community development lending to be outstanding and the bank to be a leader in making community development loans and an active participant in economic development initiatives. Summit-PA's loans to community development organizations and initiatives totaled \$51 million, and a substantial number of those loans were made in the bank's Philadelphia and Allentown-Bethlehem-Easton assessment areas.

Summit-PA also made extensive use of innovative and flexible lending practices to meet the credit needs of its community, including home purchase, home improvement, and business loan products designed to meet the credit needs of LMI borrowers and small businesses. Summit-PA participated in the FHLB of Pittsburgh's AHP by sponsoring eight affordable housing projects and overseeing the distribution of \$1.7 million in grant funds during the examination period.<sup>37</sup> In addition, examiners concluded that Summit-PA had a

---

examiners did not consider the number of loans to be inappropriate because only 8 percent of the owner-occupied housing in the MSA was in LMI census tracts. By contrast, 20 percent of Summit-PA's small business loans in this MSA were made in LMI census tracts. The percentage of Summit-PA's loans to businesses with less than \$1 million in revenues ("loans to small businesses") and loans of less than \$1 million to businesses ("small business loans") in the MSA that were made in LMI areas exceeded the percentages for lenders in the aggregate for every year from 1997 through 1999.

<sup>37</sup> One commenter recommends withholding approval of the proposal until FleetBoston decides that the merged New Fleet Bank/Summit-PA would maintain Summit-PA's membership in the FHLB of Pittsburgh, or otherwise compensates the entities that the commenter believes would be harmed if New Fleet Bank is not a member. New Fleet Bank, however, would be ineligible to be a member of the FHLB of Pittsburgh because the bank would be based in Massachusetts. New Fleet Bank is a member of the FHLB of Boston and has proposed to petition the

good record of serving the credit needs of significantly disadvantaged areas and borrowers in its assessment areas, while also encouraging the bank to continue to explore alternative ways to respond to these credit needs, particularly in its Philadelphia assessment area.

Examiners found that Summit-PA had an excellent level of qualified community development investments and provided some investments that were not routinely offered by other financial institutions. Summit-PA also made extensive use of innovative and complex investments, such as low-income housing tax credit projects, to support community development initiatives. The bank demonstrated an excellent responsiveness to community credit and development needs, principally by investing in organizations that promote affordable housing and economic development.

Examiners found that Summit-PA was a leader in providing community development services in its assessment areas, primarily by offering affordable housing programs, technical assistance by bank employees to community development organizations, educational seminars for first-time homebuyers, and deposit accounts designed for LMI individuals. The examination also concluded that Summit-PA used its branch network, ATMs, and Internet and telephone banking systems to deliver services to its customers. Examiners found that Summit-PA's branch system was accessible to essentially all portions of the bank's assessment areas, and noted that 17 percent of the bank's 109 branches were in LMI geographies. Summit-PA had 126 ATMs at the time of the examination, and examiners noted that several of the bank's ATMs

---

FLHB of Boston to amend its policies to accept applications for affordable housing programs from members for projects outside that FHLB's district boundaries.

offered Spanish and/or Russian language transactions, particularly ATMs in Philadelphia. Summit-PA's record of opening and closing branches was not found to have affected the accessibility of the bank's delivery systems. Since its previous CRA examination, Summit-PA had opened 42 additional branches (23 of which were related to its September 1999 merger with Prime Bank, Philadelphia, Pennsylvania), and closed two branches. Neither of the closed branches was in an LMI area.

Examiners found no credit practices of Summit-PA that violated the substantive provisions of any antidiscrimination laws or regulations.

E. FleetBoston CRA Pledge

Two commenters request that the Board delay action on this application until FleetBoston enters into a CRA agreement pertaining to portions of Pennsylvania. New Fleet Bank has entered into a community development agreement with two organizations in New Jersey.

The CRA requires the Board, in considering a bank holding company's application to acquire another bank holding company, to review carefully the actual record of past performance of the insured depository institutions controlled by each bank holding company in helping to meet the credit needs of their communities. Consistent with this requirement, the Board previously has held that, for approval of a proposal to acquire an insured depository institution, an applicant must demonstrate a satisfactory record of performance under the CRA without reliance on plans or commitments for future action.<sup>38</sup>

---

<sup>38</sup> See Totalbank Corp. of Florida, 81 Federal Reserve Bulletin 876 (1995); First Interstate Bank Systems of Montana, Inc., 77 Federal Reserve Bulletin 1007 (1991).



The Board previously has noted that, although communications by depository institutions with community groups provide a valuable method of assessing and determining how an institution may best address the credit needs of the community, neither the CRA nor the CRA regulations of the federal financial supervisory agencies require depository institutions to enter into agreements with any organization.<sup>39</sup> The Board notes that the future activities of FleetBoston, including any lending and community development activities in which the subsidiary banks of the combined FleetBoston-Summit organization engage pursuant to CRA pledges and agreements, will be reviewed by the appropriate federal supervisors of those institutions in future CRA performance examinations. Those CRA performance records will be considered by the Board in any future applications by FleetBoston to acquire a depository institution.<sup>40</sup>

#### F. FleetBoston's HMDA Data

The Board has carefully considered the lending records of FleetBoston and Summit in light of comments about HMDA data reported by the organizations' subsidiaries.<sup>41</sup> The Board has reviewed HMDA data from 1997

---

<sup>39</sup> See Fifth Third Bancorp., 80 Federal Reserve Bulletin 838 (1994).

<sup>40</sup> One commenter contends that FleetBoston is not making adequate progress in fulfilling a pledge made in connection with a previous acquisition. This pledge was not a commitment made to the Board and, therefore, is not enforceable by the Board.

<sup>41</sup> Commenters criticize FleetBoston's record of home mortgage lending to minority individuals in 15 MSAs. Commenters also criticize FleetBoston's lending to LMI and minority individuals or in communities in the Rochester, New York MSA. In addition, Commenters criticize Summit's record of home mortgage lending to LMI individuals in the Scranton/Wilkes-Barre/Hazleton MSA, and Summit's record of home mortgage lending to minority individuals in the Allentown-Bethlehem-Easton MSA.

through 1999 for FleetBoston in five states and eight MSAs and for Summit in three states and two MSAs.

The HMDA data indicate that FleetBoston's originations to African American applicants as a percentage of its total originations (the "origination rate") was below the percentage for lenders in the aggregate (the "aggregate") in some areas, and was above it in others. The HMDA data for these years also indicate that FleetBoston's origination rates for Hispanics were below the origination rates for the aggregate in most states and MSAs examined, except for the MSAs of Bridgeport, Connecticut MSA and Trenton, New Jersey MSA. In addition, the HMDA data indicate that FleetBoston's denial disparity ratios with respect to minority applicants were generally equivalent to or better than the aggregate's denial disparity ratios.<sup>42</sup> The HMDA data also indicate that Summit's origination rates to LMI areas generally lagged the aggregate's origination rate of HMDA-reportable loans to LMI areas. In the Scranton/Wilkes-Barre/Hazleton MSA, Summit's origination rate to LMI individuals was below the aggregate's origination rate to LMI individuals for each year from 1997 through 1999. In the Allentown-Bethlehem-Easton MSA in 1999, Summit's origination rates to African Americans and to Hispanics were below the aggregate's origination rates.

The Board is concerned when an institution's record indicates such disparities in lending and believes that all banks are obligated to ensure that their lending practices are based on criteria that ensure not only safe and sound banking, but also equal access to credit by creditworthy applicants, regardless of their race or income level. The Board recognizes, however, that HMDA data alone provide an incomplete measure of an institution's lending in its community

---

<sup>42</sup> The denial disparity ratio compares the denial rate for minority loan applicants with that for white applicants.

because the data cover only a few categories of housing-related lending.<sup>43</sup> HMDA data, moreover, provide only limited information about the covered loans. HMDA data, therefore, have limitations that make the data an inadequate basis, absent other information, for concluding that an institution has not adequately assisted in meeting its communities' credit needs or has engaged in illegal discrimination in making lending decisions.

Because of the limitations of HMDA data, the Board has carefully considered the data in light of other information, including examination reports that provide an on-site evaluation of compliance by the subsidiary banks of FleetBoston and Summit with fair lending laws and the overall lending and community development activities of the banks, as well as fair lending examinations of Fleet Mortgage, which is a subsidiary of New Fleet Bank. Examiners found no evidence of prohibited discrimination or illegal credit practices at the subsidiary banks of FleetBoston or Summit. Fleet Mortgage's fair lending policies, procedures, training programs, and internal monitoring programs were considered to be satisfactory.

The Board also considered the HMDA data in light of the overall lending record of FleetBoston, including the lending and other programs outlined above. As the discussion illustrates, FleetBoston and Summit have implemented a variety of programs that help to meet the credit needs of the community in the

---

<sup>43</sup> The data, for example, do not account for the possibility that an institution's outreach efforts may attract a larger proportion of marginally qualified applicants than other institutions attract and do not provide a basis for an independent assessment of whether an applicant who was denied credit was, in fact, creditworthy. Credit history problems and excessive debt levels relative to income (reasons most frequently cited for a credit denial) are not available from HMDA data.

home mortgage lending area as well as other areas of credit need, including, in particular, small business loans and consumer credit.

G. Branch Closings

The Board has received comments that express concern about branch closings that might result from consummation of the proposal, and about the criteria that the merged organization might use to determine which branches to close or consolidate. FleetBoston has estimated that 85 branches of the subsidiary banks of the merged organization might be closed as a result of the proposal. FleetBoston has indicated that this estimate is the result of a preliminary analysis of the two organizations' branch structures that identified 97 cities or communities in which FleetBoston and Summit banks both have branches.<sup>44</sup>

The Board has carefully considered all the facts of record concerning branch closings, including the branch closing policy of New Fleet Bank and Fleet's record of opening and closing branches. The Board notes that New Fleet Bank's branch closing policy provides that the impact of any branch closing on the local community should be considered as part of the branch closing process. This includes an assessment of how local banking needs might be addressed by other New Fleet Bank branches, a review of comments from community leaders regarding the impact of any proposed closure, and consideration of steps by the

---

<sup>44</sup> As part of its community development agreement with New Jersey Citizen Action and the Housing and Community Development Network of New Jersey, New Fleet Bank has agreed not to close any branches in LMI census tracts in 13 cities in New Jersey for four years. In several other cities, New Fleet Bank has agreed not to close any branch if the next closest branch is more than one-half mile away. FleetBoston also has indicated that it does not currently plan to close any branches in Pennsylvania as a result of the proposal.

bank to minimize any adverse impact. The policy is consistent with federal law, which requires an insured depository institution to provide notice to the public and to the appropriate federal supervisory agency before closing a branch.<sup>45</sup> In addition, the most recent CRA examination of BankBoston, N.A. noted that branch closings generally had not adversely affected the accessibility of the bank's products and services, particularly in LMI census tracts or to LMI individuals. Examiners made similar findings with respect to Summit Bank-NJ and Summit Bank-PA. The Board expects that the subsidiary banks of the combined organization would continue to use a satisfactory branch closing policy for any branch closings that might result from the proposed transaction.<sup>46</sup>

#### H. Conclusion on Convenience and Needs

For the reasons discussed above, the record demonstrates that FleetBoston and Summit have established records of performance in helping to

---

<sup>45</sup> Section 42 of the Federal Deposit Insurance Act (12 U.S.C. § 1831r-1), as implemented by the Joint Policy Statement Regarding Branch Closings (64 Federal Register 34,844 (1999)) ("Joint Policy Statement"), requires that a bank provide the public with at least 30 days' notice and the appropriate federal supervisory agency with at least 90 days' notice before the date of the proposed branch closing. The bank also is required to provide reasons and other supporting data for the closure, consistent with the institution's written policy for branch closings. The law does not authorize federal regulators to prevent the closing of any branch.

<sup>46</sup> One commenter criticizes Summit-PA for closing a branch in Allentown, Pennsylvania, in 1997. The closure of this branch was reviewed as part of the Federal Reserve Bank of Philadelphia's April 1998 CRA examination of Summit-PA. At that time, two other branches remained open in Allentown, and examiners found that the closure of that Allentown branch had not adversely affected the accessibility of loan products and banking services to residents of LMI areas or LMI individuals. The branch was closed in accordance with Summit-PA's branch closing policy, which conformed to provisions of the Joint Policy Statement in effect at that time.

meet the convenience and needs of the communities they serve. On balance, and based on a review of the entire record, the Board concludes that convenience and needs considerations, including the records of CRA performance by both organizations' subsidiary depository institutions, are consistent with approval of the proposal.

### Conclusion

As required by section 25 of the Federal Reserve Act and section 211.4(f) of the Board's Regulation K (12 C.F.R. 211.4(f)), FleetBoston also provided notice of its intention to acquire Summit International, which is organized under section 25A of the Federal Reserve Act. The Board concludes that all the factors it is required to consider under the Federal Reserve Act and Regulation K are consistent with approval of the notice.

Based on the foregoing and all the facts of record, the Board has determined that the application and notice should be, and hereby are, approved.<sup>47</sup>

---

<sup>47</sup> The Board received two requests to hold a public meeting or hearing on the proposal. Section 3(b) of the BHC Act does not require the Board to hold a public hearing on an application unless the appropriate supervisory authority for a bank to be acquired makes a timely written recommendation of denial of the application. The Board has not received such a recommendation from any of the appropriate supervisory authorities.

Under its rules, the Board also may, in its discretion, hold a public meeting or hearing on an application to acquire a bank if a meeting or hearing is necessary or appropriate to clarify factual issues related to the application and to provide an opportunity for testimony. 12 C.F.R. 225.16(e). The Board has considered carefully the hearing requests in light of all the facts of record. In the Board's view, commenters have had ample opportunity to submit their views, and, in fact, have submitted written comments that have been considered carefully by the Board in acting on the proposal. The requests fail to demonstrate why their written comments do not present their views adequately and fail to identify disputed issues of fact that are material to the Board's decision and that would be clarified by a public meeting or hearing. For these reasons, and based on all the

The Board's approval is specifically conditioned on compliance by FleetBoston with all the commitments made in connection with the proposal and with the conditions stated or referred to in this order, including FleetBoston's divestiture commitments. For purposes of this action, the commitments and conditions relied on by the Board in reaching its decision are deemed to be conditions imposed in writing by the Board in connection with its findings and decision and, as such, may be enforced in proceedings under applicable law.

The acquisition shall not be consummated before the fifteenth calendar day after the effective date of this order, and the proposal shall not be consummated later than three months after the effective date of this order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Boston, acting pursuant to delegated authority.

By order of the Board of Governors,<sup>48</sup> effective February 12, 2001.

(signed)

---

Robert deV. Frierson  
Associate Secretary of the Board

---

facts of record, the Board has determined that a public meeting or hearing is not required or warranted in this case. Accordingly, the requests for a public meeting or hearing on the proposal are denied.

<sup>48</sup> Voting for this action: Chairman Greenspan, Vice Chairman Ferguson, and Governors Kelley, Meyer, and Gramlich.

## APPENDIX

### Banking Markets Without Divestitures

*Fairfield Area banking market.* The Fairfield Area market is defined as the Connecticut portion of the Metropolitan New York-Ramapo Metro Area (“RMA”), plus the towns of Kent, Roxbury, Warren, and Washington in Litchfield County in Connecticut. FleetBoston operates the largest depository institution in the market, controlling deposits of approximately \$3.4 billion, representing 24 percent of market deposits. Summit operates the fifth largest depository institution in the market, controlling deposits of approximately \$898 million, representing 6.4 percent of market deposits. On consummation of the proposal, FleetBoston would control deposits of approximately \$4.3 billion, representing 30.4 percent of market deposits. The HHI would increase by 308 points to 1,560 and 37 competitors would remain in the market.

*Waterbury banking market.* The Waterbury market is defined as the Waterbury RMA. FleetBoston operates the fourth largest depository institution in the market, controlling deposits of approximately \$230 million, representing 10.1 percent of market deposits. Summit operates the 13<sup>th</sup> largest depository institution in the market, controlling deposits of approximately \$10 million, representing less than 1 percent of market deposits. On consummation, FleetBoston would operate the fourth largest depository institution in the market, controlling deposits of approximately \$240 million, representing 10.5 percent of market deposits. The HHI would increase 9 points to 1,659 and 15 competitors would remain in the market.

*Metropolitan New York-New Jersey banking market.* The Metropolitan New York-New Jersey market is defined as New York City; Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk, Sullivan, Ulster, and Westchester Counties in New York; Bergen, Essex, Hudson, Hunterdon, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, Sussex, Union, Warren, and portions of Mercer Counties in New Jersey; Pike County in Pennsylvania; and Fairfield and portions of Litchfield and New Haven Counties in Connecticut. FleetBoston operates the sixth largest depository institution in the market, controlling deposits of approximately \$23 billion, representing 5.3 percent of market deposits. Summit operates the seventh largest depository institution in the market, controlling deposits of approximately \$18.2 billion, representing 4.2 percent of



market deposits. On consummation, FleetBoston would operate the third largest depository institution in the market, controlling deposits of approximately \$41.2 billion, representing 9.6 percent of market deposits. The HHI would increase 45 points to 931 and 296 competitors would remain in the market.

*Philadelphia banking market.* The Philadelphia banking market is defined as Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties in Pennsylvania; and Burlington, Camden, Gloucester, Salem Counties, and a portion of Mercer County in New Jersey. FleetBoston operates the 23<sup>rd</sup> largest depository institution in the market, controlling deposits of approximately \$293 million, representing less than 1 percent of market deposits. Summit operates the fourth largest depository institution in the market, controlling deposits of approximately \$3.5 billion, representing 5.2 percent of market deposits. On consummation of the proposal, FleetBoston would operate the fourth largest depository institution in the market, controlling deposits of approximately \$3.8 billion, representing 5.7 percent of market deposits. The HHI would increase by 4 points to 1,540 and 115 competitors would remain in the market.